

MINUTES
MICHIGAN STATE TRANSPORTATION COMMISSION MEETING
September 27, 2007
Lansing, Michigan

Meeting noticed in accordance with Open Meetings Act, Public Act 267 of 1976.

Present: Ted B. Wahby, Chair
 Linda Miller Atkinson, Vice Chair
 Maureen Miller Brosnan, Commissioner
 Jerrold M. Jung, Commissioner
 James R. Rosendall, Commissioner
 James S. Scalici, Commissioner

Also Present: Kirk T. Steudle, Director
 Larry Tibbits, Chief Operations Officer
 Frank E. Kelley, Commission Advisor
 Marneta Young, Commission Executive Assistant
 Jerry Jones, Commission Auditor, Office of Commission Audit
 Patrick Isom, Attorney General's Office, Transportation Division
 John Friend, Bureau Director, Highway Delivery
 John Polasek, Bureau Director, Highway Development
 Myron Frierson, Bureau Director, Finance and Administration
 Ron DeCook, Director, Office of Governmental Affairs
 Rob Abent, Bureau Director, Aeronautics and Freight Services
 Bill Shreck, Director, Office of Communications
 Tim Hoeffner, Administrator, Intermodal Policy
 Sharon Edgar, Administrator, Bureau of Passenger Transportation
 Melvin Williams, Administrator, Freight Services and Safety Division

A list of those people who attended the meeting is attached to the official minutes.

Chair Wahby called the meeting to order at 9:00 a.m. in the Bureau of Aeronautics Auditorium in Lansing, Michigan.

Chair Wahby introduced and welcomed Commissioner Jerrold M. Jung of Birmingham to the Commission. He succeeds Vincent J. Brennan who resigned in February 2007.

I. COMMISSION BUSINESS

Commission Minutes

Chair Wahby entertained a motion for approval of the minutes from the State Transportation Commission meeting of August 23, 2007.

Moved by Commissioner Brosnan, with support from Commissioner Scalici, to approve the minutes of the Commission meeting of August 23, 2007. Motion carried.

II. **RESOLUTIONS**

Resolution of the State Transportation Commission of the State of Michigan Amending the Project List Attached to a Previously Adopted Commission Resolution - Comprehensive Transportation Bonds, Series 2002B – Myron Frierson

This resolution programs \$8.3 million in accumulated interest earnings to various transportation purposes. Projects and programs receiving additional funds include Local Public Transportation (\$5.3 million) and Railroad Track Rehabilitation \$1.4 million.

Mr. Frierson asked for questions and a roll call vote approving this resolution; no questions were forthcoming.

Chair Wahby entertained a motion to approve the Resolution of the State Transportation Commission of the State of Michigan Amending the Project List Attached to a Previously Adopted Commission Resolution - Comprehensive Transportation Bonds, Series 2002B. Motion was made by Commissioner Brosnan and supported by Commissioner Atkinson to approve the resolution. Mr. Kelley called the roll; all answers were affirmative. Motion carried on a unanimous roll call vote.

Resolution of the State Transportation Commission of the State of Michigan Amending the Project List Attached to a Previously Adopted Commission Resolution - Comprehensive Transportation Bonds, Series 2003 – Myron Frierson

This resolution programs \$2.5 million in accumulated interest earnings to various transportation purposes. Programs receiving additional funds are Local Public Transportation (\$1.5 million) and Aviation (\$1 million). The department is requesting programming of bond proceeds interest earnings for federally mandated engine overhauls and upgrade of the avionics equipment on its 1982 King Air plane. The department aviation program, through the Aeronautics Fund, will pay the principal and interest on funds used for the King Air project. The State Budget Office was notified and concurs with this use of CTF bond proceeds.

Mr. Frierson asked for questions and a roll call vote approving this resolution; no questions were forthcoming.

Chair Wahby entertained a motion to approve the Resolution of the State Transportation Commission of the State of Michigan Amending the Project List Attached to a Previously Adopted Commission Resolution - Comprehensive Transportation Bonds, Series 2003. Motion was made by Commissioner Scalici and supported by Commissioner Rosendall to approve the resolution. Mr. Kelley called the roll; all answers were affirmative. Motion carried on a unanimous roll call vote.

Resolution of the State Transportation Commission of the State of Michigan Amending the Project List Attached to a Previously Adopted Commission Resolution - State Trunk Line Fund Bonds, Series 2004/2006 – Myron Frierson

This resolution adjusts the project list to reflect changes in project budgets and the deletion of some projects. Examples of project changes are programming additional funds for I-94 in Macomb County (\$1.7 million) and I-94 BL in St. Clair (\$1.2 million) due to changes in project budgets. Net change in the project list is a \$12.9 million increase.

Mr. Frierson asked for questions and a roll call vote approving this authorizing resolution; no questions were forthcoming.

Chair Wahby entertained a motion to approve the Resolution of the State Transportation Commission of the State of Michigan Amending the Project List Attached to a Previously Adopted Commission Resolution - State Trunk Line Fund Bonds, Series 2004/2006. Motion was made by Commissioner Brosnan and supported by Commissioner Scalici to approve the resolution. Mr. Kelley called the roll; all answers were affirmative. Motion carried on a unanimous roll call vote.

Resolution of the State Transportation Commission of the State of Michigan Amending the Project List Attached to a Previously Adopted Commission Resolution - Jobs Today Program – Myron Frierson

This resolution adjusts the project list to reflect changes in project budgets and deletion of some projects. Examples of project changes are programming additional funds for US-10 in Midland (\$13.1 million) and I-69 in Genesee County (\$2.4 million) due to changes in project budgets. Another example is the deletion of I-75 in Saginaw County (\$54 million) due to using another source of funding for the project. Net change in the project list is a \$193 million reduction.

Mr. Frierson asked for questions and a roll call vote approving this authorizing resolution; no questions were forthcoming.

Chair Wahby entertained a motion to approve the Resolution of the State Transportation Commission of the State of Michigan Amending the Project List Attached to a Previously Adopted Commission Resolution - Jobs Today Program. Motion was made by Commissioner Brosnan and supported by Commissioner Atkinson to approve the resolution. Mr. Kelley called the roll; all answers were affirmative. Motion carried on a unanimous roll call vote.

Resolution of the State Transportation Commission Amending its Resolution Adopted on July 27, 2006 Entitled: “Resolution of State Transportation Commission Authorizing the Issuance and Sale of State of Michigan State Trunk Line Fund Bonds and Grant Anticipation Notes” – Myron Frierson

This resolution is an authorization to issue either State Trunkline Fund bonds or Grant Anticipation Notes. On July 27, 2006, the STC authorized the department to issue up to \$630 million in bonds for the Jobs Today Program. Prior to issuing the bonds, the STC also authorized the department to incur project costs. As planned, through September 14, 2007, the department has incurred over \$271 million in Jobs Today Program project costs.

On August 21, 2007, the department issued approximately \$485 million in Jobs Today Program bonds using future federal aid as the funding source for debt service. Due to the structure of the bond issue the department received approximately \$500 million in bond proceeds. The STC’s July 27, 2006, resolution authorized the department to issue bonds on or before September 30, 2007. The cash needs of the Jobs Today Program are such that an initial \$500 million in bond proceeds were needed in 2007 and the balance will be needed in 2009.

We are asking the STC to amend its July 27, 2006, resolution to authorize the department to issue bonds funded by either state or federal revenues. The amendment would authorize the department to enter into a hedge transaction, if market conditions are appropriate, that would terminate with the issuance of the bonds. The hedge transaction would be limited to a rate lock terminating with the issuance of bonds. The amendment would authorize issuing bonds or entering into a hedge transaction on or before September 30, 2008. Bonds issued under a hedge transaction must be issued on or before September 30, 2010.

Mr. Frierson asked for questions and a roll call vote approving this authorizing resolution; no questions were forthcoming.

Chair Wahby entertained a motion to approve the Resolution of the State Transportation Commission Amending its Resolution Adopted on July 27, 2006 Entitled: “Resolution of State Transportation Commission Authorizing the Issuance and Sale of State of Michigan State Trunk Line Fund Bonds and Grant Anticipation Notes”. Motion was made by Commissioner Brosnan and supported by Commissioner Rosendall to approve the resolution. Mr. Kelley called the roll; all answers were affirmative. Motion carried on a unanimous roll call vote.

III. **OVERSIGHT**

Commission Agreements (Exhibit A) – Myron Frierson

Mr. Frierson presented information on 129 agreements, and noted a change to Item 9 (Contract 2007-5403) where *a letting date of 8/3/07 was added*. He further noted a change to Item 14 (Contract 2007-5454) where *the reference to funding for Monroe County was deleted*.

Pending any questions, Mr. Frierson asked for approval of Exhibit A; none were forthcoming.

Chair Wahby entertained a motion. Motion was made by Commissioner Brosnan and supported by Commissioner Atkinson to approve Exhibit A. Motion carried on a unanimous voice vote.

Bid Letting Pre-Approvals (Exhibit A-1) – Myron Frierson

Mr. Frierson gave a brief re-cap of the August 2007 bid letting activities: 50 State projects with total engineers' estimates of \$69.1 million were let. The low bids announced on these projects totaled \$63.9 million. The State low bids for fiscal year 2007 totaled \$993.7 million compared to \$956.2 million for fiscal year 2006.

As of October 23, 2006, it was estimated that 407 State projects with construction costs totaling \$905.8 million would be let during the 2007 fiscal year. Through September 7 of this year, 466 State projects with engineers' estimates of \$1,019.7 million were let, representing 112.6% of the total amount projected to be let this fiscal year. Also, the delivery of the program is faster than anticipated.

The department is asking for approval for two lettings. An additional three State projects with engineers' estimates totaling \$1.3 million, and 68 Local projects with engineers' estimates totaling \$112 million are scheduled to be let at a special letting scheduled for September 28, 2007 (all involving the Jobs Today Program).

There are 41 State projects with engineers' estimates totaling \$36.7 million scheduled to be let on October 5, 2007. Total projects in this letting are 48 with engineers' estimates of \$41 million.

Chair Wahby entertained a motion. Motion was made by Commissioner Rosendall and supported by Commissioner Brosnan to approve the September bid letting. Motion carried on a unanimous voice vote.

There is no Exhibit A-2 for this month.

Information Items (Exhibit A-3) – Myron Frierson

Mr. Frierson stated that these projects, for which the bids are under \$500,000 and have less than two bidders or are low bid rejections or have other bid issues, are being submitted for informational purposes only. There is no action required.

Chairman Wahby asked for questions; none were forthcoming.

Contract Adjustments (Exhibit B) – John Friend

Mr. Friend explained his role with the department for the benefit of Commissioner Jung.

He then updated the Commission on the development of new performance measures that were mentioned during the August 2007 meeting. Historically we always tracked project costs but were starting to look at the concept of also tracking how the projects were being

done in terms of scheduling. A document entitled "Construction Projects Finaled in August 2007" was handed to Commissioners. A portion of this document tracks the date work was started, expected completion date, actual completion date and the difference between these dates. A number of state DOTs around the nation are also tracking how they are doing in terms of scheduling. On this form there is a project in the Metro Region that shows 788 days behind schedule. This looks bad but the truth of the matter is that the department was in a position between the public light department and Detroit Edison regarding who was going to power up the traffic signals. This went on for about two years. Although the contract work was done it had to remain open while trying to figure out how to power that signal.

Commissioner Atkinson asked if it means anything that the column "Open to Traffic" is blank.

Mr. Friend answered that in our contracts there are times when we have specific open to traffic requirements. Typically those are where we may also have future work in terms of making sure that the plantings and trees are watered.

There are 6 MDOT and 6 Local projects before the Commission.

Item #2007-151 (3.85 miles of freeway and ramp reconstruction...on M-14 from the Wayne/Washtenaw County line...Wayne County) for \$1,829,960.88 was highlighted by Mr. Friend. When we scoped this project we pictured being able to do some concrete patching then diamond grinding on the roadway as a CPM type fix. We completed this but over the winter this project began to spall and deteriorate quite quickly. We have analyzed the payment type to determine why that pavement did not hold up in terms of material. In order to keep the project on track and keep it safe, it was decided to go in and perform a hot mix overlay on that stretch of road.

Pending any questions, Mr. Friend asked for approval of Exhibit B.

Commissioner Brosnan asked if the 5 year warranty on our workmanship and the 2 year warranty on bridge painting applies to the new amount asked for or only on the previous.

Mr. Friend answered that there are two portions to this job. The west half is an asphalt reconstruct and the eastern portion was a concrete patch and grind. The warranty seen here applied to the hot mix side of the equation.

Commissioner Scalici asked if the 2 year warranty covers the bridge painting.

Mr. Friend answered yes.

Chair Wahby entertained a motion. Motion was made by Commissioner Brosnan and supported by Commissioner Scalici to approve Exhibit B. Motion carried on a unanimous voice vote.

Six Month Financial Audit Follow-up (Exhibit C) – Jerry Jones

Exhibit C is the Six Month Follow-Up Report on Financial and Compliance audits of contract projects that have been outstanding over 120 days since being issued. This report covers 9 audits, with approximately \$724,600 in net recommended adjustments. As the report indicates, the Department is working with the audited entities and the Office of Commission Audit to close these audits out.

Mr. Jones recommended that the Commission accept this report and response, and then called on Commissioner Brosnan for her response.

Commissioner Brosnan stated that she has reviewed the report along with the Department response to the audit. She has also had the opportunity to discuss the report and the response with the Commission Auditor. Commissioner Brosnan recommended that the Commission accept the report and response.

No questions were forthcoming.

Chair Wahby entertained a motion. Motion was made by Commissioner Brosnan and supported by Commissioner Rosendall to approve Exhibit C. Motion carried on a unanimous voice vote.

Six Month Internal Audit Follow-up (Exhibit D) – Jerry Jones

Exhibit D is the Six Month Follow-Up Report on outstanding Internal Audits and the status of the Department's actions to implement the recommendations. This report reflects the status of reports with open recommendations as of June 30, 2007 and September 18, 2007, as shown in the Summary on Page 2 of the Report. Four additional recommendations have been closed, work on one recommendation is nearly complete and the Department is continuing to work on the remaining recommendations.

Mr. Jones recommended that the Commission accept this report and response, and then called on Commissioner Brosnan for her response.

Commissioner Brosnan stated that she has reviewed the report and recommends that the Commission accept the report and response.

Chair Wahby entertained a motion. Motion was made by Commissioner Brosnan and supported by Commissioner Atkinson to approve Exhibit D. Motion carried on a unanimous voice vote.

IV. **DIRECTOR'S REPORT – DIRECTOR KIRK T. STEUDLE**

Director Steudles' Report is being shared with Michael Walimaki and Denise Jackson.

To support decision making processes within the department, MDOT conducts traffic studies to estimate the amount of travel the system is experiencing. This information is utilized at MDOT to support many of our business processes such as safety, project planning, and pavement design. This information is also utilized by universities, the general public, and private companies. Annually travel information is sent to the Federal

Highway Administration for revenue distribution and other system analysis. The Bureau of Transportation Planning's Data Collection Section has the responsibility for collecting traffic and travel information utilized in this discussion. Michael Walimaki is the Supervisor of the Travel Information Unit and responsible for these traffic estimates.

The presentation focused on:

Travel Trends: National and Regional Level – Michael Walimaki

There are 3,000 short-term counts that are done all over the state, and about 140 permanent traffic recorders (PTR) (electronic sensors installed in the pavement that record (count) vehicles on a continuous basis). Annual Vehicle Miles of Travel (AVMT) (number of miles driven, for all vehicles, for one year) information is used to do a comparison on a year-to-year basis. The PTR information is sent monthly to the FHWA by Michigan and all other states. Based on this information, over the last 25 years, nationally we have seen a doubling of traffic on all road systems. We are seeing a little flattening and decline right now but it is not unprecedented.

Over the last few years, we still have our seasonal differences in travel but comparing month-to-month to the previous years, travel has been fairly flat (according to FHWA the travel has been flat 0.2%).

Observations on 2007

Nationally there is an overall decline in travel (looking at February 2007 compared to February 2006). Comparing April 2007 to April 2006, there was a little better weather, and travel across the country was mixed—a little bit up and little bit down—but Michigan was, again, mirroring what the other regions were doing. The summer months, June 2007 compared to June 2006, found that nationally travel was flat but Michigan began to buck the trend within our own region with a slight increase.

One of the measurements that we have to determine peoples' desirability to move around and travel is the major holiday periods. For example: Memorial Day -7.81% (2006 vs. 2007) (gas prices jumped to \$3.50/gal) and -1.40% (2005 vs. 2006); July 4th -0.48% (2006 vs. 2007) and -3.83% (2005 vs. 2006); Labor Day +1.91% (2006 vs. 2007) and +5.75% (2005 vs. 2006).

We are using about 70 of our PTR's to give us our trend about what travel is doing. The 2006 travel and the first 6 months of 2007 were down from the previous year, particularly during the summer months. A glimmer of hope occurred during July and August when travel was about equal to the previous year or just slightly above it.

Travel is down for many reasons, but the most obvious reason is gasoline prices. From late August to early September of 2005, when we saw the large increase in gas prices, we saw prices fluctuate all over the place. The summer months appear to be when the prices are highest—this is when we observe the largest decline in travel.

As travel has gone down over the last three years, so too have the sales of gasoline beyond the revenue that it generates.

FY 2007 Program Delivery Accomplishments – Denise Jackson

2007 Accomplishments and 2008 Program presentation incorporates Road and Bridges, Aviation, Transit, Marine, Port and Rail Programs. As the department's Mission and Strategic Plan emphasizes "...integrated transportation services..." we are becoming more integrated in our processes and the resultant programs that are developed. Our programs seek to provide balanced and comprehensive investments to support and grow Michigan's economy and protect quality of life. These accomplishments relate to making government more inclusive, providing a safe transportation system, protecting Michigan's Natural Resources, and supporting economic development and job creation.

MDOT has achieved many accomplishments over this fiscal year while being challenged with high user demand, increased project costs, stretched budgets, and aging infrastructure. MDOT's asset management approach and efficiencies have enabled the department to stay focused and turn the challenges into opportunities.

Some notable achievements include: meeting pavement condition goal of 90% good by 2007, achieving the non-freeway bridge condition goal of 85% good two years early, continuing to deliver our announced program (all announced capacity projects and 87% of announced road and bridge preservation projects), and being the first state nationally to complete a SAFETEA-LU compliant state long range plan.

The FY 2007 Program was the largest to date. Program investments total more than \$1.94 billion (\$1.58 billion was invested in the highway program, \$136 million invested in the Aviation Program, \$229 million invested in the Bus, Marine, and Rail Program). MDOT continued the Preserve First Initiative with \$160 million in Preserve First work in FY 2007 which accounted for over 10.0% of the total highway program investment.

Effective and Inclusive Government

Governor Granholm's Jobs Today Initiative was implemented in FY 2007 to help grow Michigan's economy, make travel safer, and improve the quality of life in Michigan communities. It represents a \$405 million investment for the Jobs Today trunkline program in FY 2006 and FY 2007, of which \$339 million (84% of the funding) has already been utilized for projects in the current fiscal year. In FY 2007, the Jobs Today Initiative trunkline program funded bridge reconstruction, capacity improvements, preventative road maintenance and road reconstruction projects in 62 Michigan counties. In 2007, the Jobs Today Initiative created approximately 4,800 of the 11,000 jobs estimated to be generated from the three year program.

MDOT continued to expand its partnering efforts with stakeholders and the general public in FY 2006 to become more effective and inclusive of citizens. Governor Granholm's \$80 million Local Jobs Today Program had \$45 million of this funding approved in 2007, helping 62 counties and 98 cities obtain more than \$400 million in federal transportation fund. The Transportation Asset Management Council conducted their Annual Michigan Asset Management Conference in April of 2007. Over 200 people were in attendance. Regions conducted legislative briefings, 17 listening sessions on the Five Year Program, and ongoing partnering efforts as part of the Call for Projects process (program development). We have also initiated the State Long Range Plan

update to 2030.

The Michigan Construction Quality Partnership announced that four MDOT construction projects have been recognized for outstanding achievement in support of the principles of the highway quality movement. Each has received the 2007 Michigan Quality achievement award.

MDOT provided over \$200 million to support over 130 passenger transportation providers. Local transit carried over 95 million passengers (an 8% increase from the year before (between 2005 and 2006)), passenger rail ridership on subsidized routes increased by 8% (between 2005 and 2006) and transit mileages are being supported and renewed throughout the State.

Safety

A safe transportation system continues to be a major department focus. We are making progress towards reducing fatalities on all Michigan roadways to 1 per 100 million vehicle miles traveled (statewide rate is 1.04 per 100 million VMT, trunkline rate is .88 per 100 million VMT, local roads rate is 1.20 per 100 million VMT). Michigan has the second highest safety belt use after Washington State. We are having better compliance in construction work zones. Ten Air Service Program grants were implemented emphasizing safety and security, as well as 47 improvement projects and four closure projects associated with the Local Grade Crossing program. MDOT also conducted safety oversight of 218 for-hire motor bus carriers and 626 limousine carriers.

Air Quality, Operations and Natural Resources

We are continuing to update technology to support improved freeway operations and mobility. The Vehicle Infrastructure Integration Program (VII) also had its share of achievements such as hosting the international VII summit in January to discuss the international implication of VII and to identify projects to coordinate with our partners in Europe and Asia. We began construction of the MDOT VII test bed in the Farmington Hills/Novi area that will overlap with the USDOT POC test bed. Michigan vanpools increased 21%, carpool usage increased (10% increase over 2006 levels). The MTA partnered with universities to develop the first fuel cell powered bus in Michigan.

Economic Development Opportunities

A \$1.58 billion highway capital program investment supported over 22,400 jobs throughout Michigan in 2007. The Economic Development Office provided over \$60 million to build commercial routes, relieve congestion, bring forest products to market and generate private investment and job creation.

Highway Program

MDOT had a very productive year with respect to delivering the Highway Program. MDOT announced 263 projects and awarded 229. This equates to a 87% delivery rate of the announced Road and Bridge projects. MDOT awarded 5 Capacity Improvements. One of the most notable projects was the I-75 Ambassador Bridge-Gateway Project. This will provide better freeway access to that international crossing.

Transportation Enhancement Program funding is aimed at enhancing the “fit” of Michigan’s highways, streets and roadways in the communities they serve. The program committed funding to projects in 52 communities for a total investment of nearly \$25 million to support trunkline and local projects.

In FY 2007, \$9.1 million was invested in the Rest Area Program to improve six rest areas, including three reconstructed rest areas.

Aviation, Bus, Marine/Port & Rail Programs

MDOT contracted for 106 airport improvement projects in 2007, 61% of eligible airports in Michigan achieved all-weather accessibility. Local transit ridership has increased by 8%, and we continue to preserve our existing transit services by issuing \$167 million local bus operating assistance. MDOT continued to support local transit infrastructure operations by providing over \$12 million in CTF capital match to transit agencies. This CTF match along with \$10.5 million in toll credits leveraged approximately \$99 million in Federal funds.

We continue to invest in our rail infrastructure by providing about \$3.4 million in loans to provide the rail infrastructure and access to expanding and existing businesses. We are rehabilitating our state-owned rail system (rehabilitated 4.2 miles of track and 19 crossings).

FY 2008 Transportation Program – Denise Jackson

MDOT’s FY 2008 Transportation Program provides for balanced and comprehensive investments to support and grow Michigan’s economy and protect quality of life. It is an inclusive program that improves air quality and protects natural resources while supporting job creation and economic growth. We will be implementing the MI Transportation Plan, continuing to integrate our programs and processes to effectively utilize resources and increasing the operational focus of transportation system.

The total 2008 budget is nearly \$1.78 billion. We expect to invest more than \$1.3 billion in highways, roughly \$160 million in aviation and \$290 million in bus, marine, port and rail. These investments will positively influence Michigan’s economy (through job creation and economic development).

In the Five Year Program we showed the individual program years. FY 2007 was very high, and then there was a steady decline each program year. This year, 2008, is the first year where we are beginning to see that decline. Reasons for this are that the Preserve First and Jobs Today Initiatives are ending, travel trends are down and revenue is flat, and construction costs are increasing. MDOT anticipates continued challenges in FY 2008 as we manage infrastructure needs during reduced budgets. Highway revenues for FY 2008 are anticipated to be lower than FY 2007. We are providing to you a program that is constrained to revenues.

The FY 2008 Highway Capital and Maintenance Program will total nearly \$1.33 billion. This includes all phases of work—scoping, environmental clearance, design, ROW acquisitions, and construction. We still have quite a bit of money going to roads and

bridges, although it is less. One thing we have been able to increase is our safety program (increased to \$78 million; up from \$66 million).

The FY 2008 Multi-Modal Investment Aviation Program totals \$452 million (\$162 million for Aviation and \$290 million for Bus, Marine/Port and Rail Programs).

We are continuing to emphasize preservation and maintenance of all modes (85% of Highway Program dedicated to preservation and maintenance). We plan to invest up to \$13.2 million to maintain and preserve rail infrastructure, facilitate economic development, and enhance crossing safety. Airport infrastructure will be preserved through capital replacement/rehabilitation. We will continue to provide operating and capital assistance to 119 local transit providers.

Railroad grade crossing safety improvements will be made through the Local Grade Crossing Program. This program provides assistance to local governments and railroad companies in order to develop and implement projects that enhance motorist safety at public highway-railroad crossings. Efforts will also be continued to improve safety through the Comprehensive Safety Program. In FY 2008, MDOT will begin a 3-year program which will be an additional \$17 million annually. The goal is to ensure that motorists stay on the road via non-freeway rumble strips and cable barriers on the critical highway corridors. Additionally, further implementation of the All Weather Airport Access Program will be made as well.

The Transportation Economic Development Fund (or TEDF Program) will continue to support economic development opportunities throughout Michigan. We plan to expand some of our intermodal facilities and airport terminals, and we will be continuing with our Michigan Rail Loan Assistance Program (MiRLAP).

The Highway Capacity Improvements and New Roads Program is a \$180 million dollar program aimed at relieving congestion. One major highway project to be let to contract in 2007 is the I-96 at Wixom Road project. This interchange will be reconstructed as a Single Point Urban Interchange (SPUI).

Summary

MDOT will be investing nearly \$1.8 billion in the Transportation System for economic benefit and improved quality of life. We are committed to delivering the program as promised within revenues available. The Program implements the strategy approved in January as part of the Five Year Program. We will continue to assess federal and state funding. Finally, the draft 2008-2012 Five Year Program will be presented to the Commission in November.

Ms. Jackson asked for questions.

Commissioner Atkinson stated that there seems to be, over the past year, some indication that the conditions of bridges needed to be examined even though bridges have been a major part of the Program up to this point. She went on to say that she didn't see any increased emphasis on bridges. Therefore she asked if it would be fair to say that the 2008 Program continues with the same level of attention to bridges that was part of the

focus in 2007.

Director Steudle responded that about 10 years ago we significantly increased the amount of investment that we put into bridges, which frankly has allowed us to get to this present condition—about a 30% increase from where we were at 10 years ago. That same level of investment continues in the Five Year Program. It is about \$190 million; up a little bit from prior years.

Ms. Jackson interjected that one thing we are doing in the area of bridges is that we are bumping up our inspections. We have a full inspection program, but we want to make sure that we are continuing to emphasize that.

No other questions were forthcoming.

V. **PRESENTATIONS**

Disadvantaged Business Enterprise Program Overview and Proposed FY 2008 Disadvantaged Business Enterprise Goal – Terrence Hicks, Director, Office of Business Development

2007 Accomplishments

MDOT hosted forums in Detroit, Inkster and Benton Harbor, as well as follow-up training meetings (over 300 participants attended, including DBEs, prime contractors, community leaders, and MDOT staff. Events covered a wide range of topics such as upcoming projects, DBE contract goals in each respective region, the bidding process, and one-on-one consultations for the certification process). Upcoming Forums are scheduled for Flint, Saginaw and Muskegon Heights.

Successful networking sessions for DBE firms and prime contractors were held where over 80 business owners attended.

MDOT hosted a successful 27th Annual DBE Conference, attended by more than 350 participants (which included DBEs, prime contractors, MDOT managers and staff, representatives of associations, state and local government partners, and others interested in the DBE program).

MDOT conducted training and educational workshops for over 225 certified DBEs (covered a diverse range of topics, including entrepreneurship information, Field Manager training, and information covering bid preparation for MDOT contracts).

We sponsored informational sessions in MDOT's regions (over 300 DBEs, prime contractors and MDOT region representatives received information about federal DBE regulations, MDOT requirements for DBEs and prime contractors, and details about the 2007 projects for each MDOT region).

Long Term Goals

MDOT's long term goals include increasing awareness of the DBE program, enabling small businesses to become more competitive, fostering partnering efforts with associations, government, agencies and the business community, providing networking

opportunities for all DBE's, monitoring and maintaining compliance with Title VI (Civil Rights Act of 1964), and continuing to streamline the process.

Contract Dollars to DBE's

Total dollars awarded to DBE's in 2007 were \$150,485,544 (\$144,935,263 Federal Program (96.3%); \$5,550,281 State/Local (3.7%).

Proposed 2008 DBE Goal

Based on prior achievements and projected availability of DBEs, it is our recommendation that the State Transportation Commission adopt a DBE Goal of 11% for FY 2008. It is expected that the recommended goal will be met through 8.5% race-conscious and 2.5% race-neutral means.

Mr. Hicks asked for questions.

Commissioner Brosnan asked regarding the training portion of the program, how well received is the training on bid express.

Mr. Hicks answered that it was not received as well as they would like it to be. MDOT just had discussions with an organization to include a small business network tab. This is something that will take a while to catch hold of because traditionally people use faxes to submit quotes. We feel, in time, businesses will adopt those practices and move ahead with bid express. Some of the more successful business, however, are using bid express.

Commissioner Brosnan stated that this is her hope because in all the areas of training that are listed, bid express seems to be the one that will catapult a firm more quickly into consideration by MDOT. It will save them money and us overall.

Commissioner Brosnan further asked, regarding the Mentor Protégé Program, what are some of the new work areas that is hoped to expand.

Mr. Hicks deferred to Lisa S. Thompson, Section Manager, Office of Business Development.

Ms. Thompson answered that engineering firms can take advantage of the program for any area that they would like to learn. Basically a small firm expands under the tutelage of a larger more successful MDOT firm. An example would be a bridge engineering firm deciding that they would like to do construction inspections. The program would partner them with that type of construction inspection firm that understands MDOT's processes and has experience performing for MDOT. They would then be able to get pre-qualified in that area and perform this type of work (for MDOT).

No other questions were forthcoming.

Chair Wahby entertained a motion. Motion was made by Commissioner Brosnan and supported by Commissioner Atkinson to approve the Proposed FY 2008 Disadvantaged Business Enterprise Goal. Motion carried on a unanimous voice vote.

VI. **PUBLIC COMMENTS**

Chair Wahby asked if any member of the audience wanted to address the Commission; none were forthcoming.

Chair Wahby asked if any Commissioner wanted to address the Commission; none were forthcoming.

No other comments were forthcoming.

ADJOURNMENT

There being no further business to come before the Commission, Chair Wahby declared the meeting adjourned at 10:00 a.m.

The next full meeting of the Michigan State Transportation Commission will be held on October 25, 2007, in the 1st floor Bureau of Aeronautics Auditorium in Lansing, Michigan, beginning at the hour of 9:00 a.m.

Frank E. Kelley
Commission Advisor